

# **Impact of Buyer - Supplier Relationship on Supply Chain Performance: Aviation Industry Perspective**

**Gunasekara D.D.**

*Airport & Aviation Services, Sri Lanka*

**Renuka Herath**

*University of Kelaniya, Sri Lanka*

**Jayasinghe J.K.P.S.K.**

*Sri Lanka Institute of Information Technology, Sri Lanka*

The purpose of this study is to identify the impact of buyer supplier relationship on supply chain performance which was directed by the specific objectives of: to identify the nature of factors that buyer supplier relationship depends on, to determine the impact of each identified factor on supply chain performance and to determine moderation effect of supplier integration on the relationship between buyer supplier relationship and supply chain performance in the aviation industry of Sri Lanka. Buyer supplier trust, buyer supplier dependence, buyer supplier commitment, buyer supplier cooperation and buyer supplier communication are the identified dimensions of the buyer-supplier relationship. This is a quantitative research which follows a deductive approach. A sample of 100 elements were selected based on the convenience sampling technique and data was collected through a structured questionnaire. The gathered data was coded and analyzed by using IBM SPSS 22.00. The hypotheses were tested at 95% confidence interval via regression analysis and moderator regression analysis. All Cronbach's alpha values more than 0.70, so the internal consistency was assured. Also, there was a positive, moderate and weak relationship between buyer supplier relationship and supply chain performance. Probability of F test statistics of the regression ANOVA was highly significant proving that the model is jointly significant and buyer-supplier relationship is jointly influence on supply chain performance. Multiple correlation (R) and coefficient of determination (R<sup>2</sup>) values equal to 0.730 and 0.533 respectively. That indicates there is a strong joint association between the B-S relationship and S-C performance and 53.3% of supply chain performance has been covered by the model correspondingly. According to the coefficients for the individual factors, buyer supplier trust, buyer supplier dependence, buyer supplier commitment, buyer supplier cooperation and buyer supplier communication were statistically significant at 95% confidence interval. Durbin  $\hat{\epsilon}$  Watson test statistics in the accepted level and residuals were also independent. All the variance inflation factors were less than 5 which indicates that the independent factors are not highly of perfectly correlated, so no multicollinearity issue. The test for moderator analysis, F test statistics of the moderator regression ANOVA is highly significant which means that model appropriate for explaining the moderator effect to the buyer supplier relationship and supply chain performance. According to the coefficient of moderator, the moderator is highly significant. In conclusion it can be stated that buyer supplier integration moderates

the relationship between buyer supplier relationship and supply chain performance. Moreover, buyer supplier integration has a positive impact on the buyer supplier relationship and supply chain performance. Further, buyer supplier commitment and buyer supplier communication are very important and positively impact on supply chain performance. However, buyer-supplier trust, buyer-supplier cooperation have weak positive relationship with supply chain performance. Based on the findings of the research it can be recommended that a strong buyer supplier relationship can be developed with an emphasis on buyer supplier communication, buyer supplier commitments and buyer supplier integration. Also, buyer-supplier integration moderates the relationship between buyer-supplier relationship and supply chain performance. Further studies can be focused on determining the mediating effect of technology adoption too, to test the role of technology in enhancing buyer supplier relations and supply chain performance.

***Keywords:*** *Buyer-Supplier Commitment, Buyer-Supplier Communication, Buyer-Supplier Cooperation, Buyer-Supplier Dependence, Buyer-Supplier Integration, Buyer-Supplier Relationship, Buyer-Supplier Trust, Supply Chain Performance*